

**Opening Statement
Senator Susan M. Collins
Special Committee on Aging**

**“Catch Me If You Can: The IRS Impersonation
Scam and the Government’s Response”**

April 15, 2015

Good afternoon. Today, the Committee continues its fight against the fraudsters, swindlers, and scam artists that plague America’s seniors. Our hearing this afternoon will focus on the “IRS Impersonation Scam.” We will examine how the scam works, what seniors can do to keep from falling victim to it, and what law enforcement is doing – or not doing -- to stop it.

The Treasury Inspector General for Tax Administration has called this scam “the largest, most pervasive impersonation scam in the history of the IRS.” According to the Inspector General, more than 434,000 Americans have been targeted by scammers impersonating IRS officials, and thousands of citizens have been defrauded of millions of dollars. The IG estimates that 10,000 IRS impersonation scam calls are placed every week.

As we will hear from our witnesses in greater detail in a few minutes, the scam often

starts with a call like this one, provided to us by the Police Department in Auburn, Maine.

[Play recording of scam call]

Victims are told that they owe back taxes and will be arrested or, in some cases, deported if they do not pay up immediately. They are then instructed to purchase pre-paid debit cards at local retail outlets, to load those cards with cash, and to read the pin numbers on the back of the cards to the fraudsters. Armed with these pin numbers, the fraudsters then transfer the money to their accomplices and wipe the cards clean of value.

Scammers are also known to use wire transfers to steal money from their victims.

These methods are typical of the other scams the Committee has investigated. But the IRS impersonation scam artists have added a pernicious twist: They are pretending to be government officials working for the IRS, a federal agency that makes many Americans apprehensive. When they get their victims on the phone, they warn them not to hang up, and if the call is terminated, a different scammer – impersonating a local law enforcement officer -

- calls back immediately and threatens the victim with arrest.

As best we can tell, many of these calls originate in boiler rooms in India. But the scammers use “Voice Over-Internet Protocol” technology to “spoof” the caller ID to make it appear the calls were placed by the IRS or even local law enforcement.

When the unsuspecting victims see the “Internal Revenue Service” or the “local police department” pop-up on their Caller ID, they are terrified, and are easily hustled into doing whatever the scammers demand.

We have an excellent panel of witnesses today. First, we will hear from one of the victims, Pastor Al Cadenhead [pronounced Cay-den-head], who was defrauded of \$16,000 in just 7 and ½ hours. I so appreciate his willingness to share his story publicly.

I am also pleased to welcome Detective Jason Moore, of the Auburn Police Department in Auburn, Maine. Detective Moore will describe a scam case he handled just two weeks ago, involving a constituent of mine who was defrauded out of \$23,000. Detective Moore and his colleagues took quick action to

stop the transfer of the victim's funds to the scammers, and was able to recover \$11,000. I congratulate Detective Moore and the Auburn Police Department for their effective work.

I also want to welcome Alysa Erichs [pronounced "A-lease-ee-a Erichs"], the Special Agent in Charge of the Miami Field Office for Immigration and Customs Enforcement. Ms. Erichs's office helped prosecute and convict two individuals involved in the IRS impersonation scam, and for this good work they also deserve our thanks.

Finally, I want to welcome FTC Commissioner Julie Brill. The FTC plays an important role in educating consumers about how to protect themselves from scam artists.

Before I close, I want to note publicly my disappointment that the Department of Justice declined the Committee's invitation to testify before us today. As I noted at the outset of my statement, thousands of Americans have been victimized by IRS impersonation scammers, and 10,000 new scam calls are being placed each week. Yet despite all of this harm, it appears that the Department of Justice has prosecuted just three IRS Impersonation con

artists in the entire country. And these weren't the criminal masterminds running the scam. They were low-level operatives. I do not understand the Department's apparent indifference, and its refusal to testify is unacceptable. I can only conclude the Department does not want to be held accountable or answer questions about its poor record.

There seems to be a pattern of lax enforcement by the Department when it comes to pursuing the various scams targeting seniors. If the Department contends it does not have the tools it needs to protect American

citizens from these scams, it ought to be working with us to get these tools, not refusing to testify.

I thank those witnesses who are appearing before us today and look forward to their testimony.